



Department of Justice

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**JUSTICE DEPARTMENT INVESTIGATION OF HEALTH CARE MERGER
CONCLUDES WITH RESTRUCTURED DEAL**

WASHINGTON, D.C. -- The Department of Justice's Antitrust Division announced today that it will conclude its investigation of United HealthCare's \$1.65 billion purchase of MetraHealth Companies, if the companies complete plans to sell MetraHealth's health maintenance organization serving the greater St. Louis metropolitan area.

The Department had investigated the transaction to determine if the deal as originally proposed could reduce competition in the sale of managed health care plans nationally, or in any area that the two firms both served. The investigation ultimately focused on the St. Louis area, following an examination of many other areas, the Department said.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said, "Preserving and protecting competition is especially important as part of the overall effort to reduce the cost of health care to American businesses and consumers." Bingaman said the transaction as originally structured raised questions about the possible loss of

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competition in the sale of managed health care plans in the St. Louis area.

Both United HealthCare and MetraHealth sell managed care services and other health insurance products, including health maintenance organizations and preferred provider organizations.

Missouri insurance officials also investigated the proposed transaction and held hearings on September 14 and 15 of this year. Missouri officials and the parties subsequently entered into an agreement that resulted in the issuance of an order requiring the divestiture of MetraHealth's St. Louis subsidiary to an approved purchaser within a short period of time.

The order also contains provisions to ensure that the subsidiary is held and operated separately from United's other St. Louis business, pending its sale to an approved purchaser.

The Antitrust Division cooperated closely with Missouri officials during the investigation.

Bingaman said that the order issued by the Missouri Department of Insurance and the contemplated spin-off resolve the Division's competitive questions.

United HealthCare, headquartered in Minnetonka, Minnesota, is one of the nation's largest and most experienced operators of various types of health care plans, including health maintenance organizations, point of service plans and preferred provider organizations. It had 1994 revenues of approximately \$3.8 billion.

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MetraHealth, headquartered in Greenwich, Connecticut, is a joint-venture company formed by Metropolitan Life and the Travelers Insurance Companies to combine their health care businesses. Although MetraHealth is heavily involved in traditional indemnity health insurance, it also offers managed health care plans. MetraHealth had 1994 revenues of approximately \$5.2 billion.

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